



Chairman Haskell, Chairman Lemar and Members of the Transportation Committee:

My name is John Lee, I am the Regional Government Affairs Manager for Carvana. Carvana is the nation's leading online platform for buying and selling used cars, and recently ranked as America's best large employer in the retail vertical by Forbes. Carvana has been serving Connecticut customers since 2018 and we are committed to growing our presence in the State, adding local jobs, and maintaining our high standards for customer service. We have three logistics hubs in Connecticut and employ over 140 Connecticut residents.

On behalf of Carvana, I would like to raise our opposition against **H.B. 5365 AN ACT CONCERNING CERTIFICATES OF TITLE** for a hearing. I write the committee to oppose H.B.5365. As drafted, it appears the legislation adds paper-based requirements for dealers engaging in online interstate commerce, contrary to the clear trends of the industry and the clear purpose of the e-title component of the legislation. As an online seller of used vehicles, Carvana's model requires some introduction: our customers visit Carvana.com rather than a showroom, select a vehicle from a nationwide pool of vehicle inventory rather than being limited to only cars located in Connecticut, and then can arrange for delivery to their homes. This convenient process is remarkably popular, as evidenced by Carvana's leading Net Promoter Score (NPS), and high customer satisfaction rating of 4.7 out of 5 on Carvana.com. The Carvana car buying experience is a convenient, simple, customer-centric process that Connecticut consumers have enjoyed, and should continue to enjoy.

Once a Connecticut customer purchases a vehicle through Carvana, our local Connecticut team prints all registration paperwork that still requires paper and ink and delivers the vehicle to the customer. If the customer accepts the car, rather than returning it under our 7 Day Moneyback Guarantee, the registration paperwork is then paired with the vehicle title and submitted to our registration vendor for submission to the State. State sales and/or use tax is remitted properly to Connecticut for all sales to Connecticut residents (Carvana remits millions of dollars of tax annually), so there are no sales tax drawbacks to the status quo. This process already has a number of steps and adding more paper-based requirements could limit vehicle choice or create delays in the shipping process.

While there are sometimes delays in the registration and titling process, this is largely not the fault of the DMV, or of dealers (whether in-state or out-of-state, traditional or online). In addition to the economy-wide disruptions of the last two years, the delays are largely attributable to the inherent complexities of a paper-based interstate registration and titling system that is in need of modernization. As interstate e-commerce in auto sales becomes more

common—as surveys from Cox Automotive confirm is the trend—those paper-based systems begin to look even more ready for modernization. If a buyer can shop for a car, choose a car, sign contracts for a car, and schedule delivery entirely online, buyers will begin to demand to complete title and registration processes online as well. To the extent this legislation moves towards e-title, it is welcome, but in the portions of the bill where paper titles or title records must be presented at delivery, it raises barriers to efficient commerce and works against the modernization purposes of the rest of the legislation.

Carvana believes that the portion of this legislation that requires more paperwork to be presented at delivery is unnecessary, given the receding impact of pandemic delays and ongoing progress toward a more modern e-title and registration system. Connecticut consumers currently enjoy the choice to engage in commerce with out-of-state dealers offering convenient online processes. Carvana is entirely supportive of the e-title component of the bill and looks forward to participating in that process. As an e-commerce company that is contributing to the Connecticut economy by creating jobs and paying taxes, we respectfully oppose this legislation as drafted. Thank you for your time and consideration and please feel free to reach out to me for any questions.



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